

**STATEMENT OF CHAIRMAN SPENCER BACHUS  
SUBCOMMITTEE ON FINANCIAL INSTITUTIONS AND  
CONSUMER CREDIT  
“FAIR CREDIT REPORTING ACT: HOW IT FUNCTIONS FOR  
CONSUMERS AND THE ECONOMY”**

Good morning. The subcommittee will come to order. Our hearing today about how the Fair Credit Reporting Act, or FCRA, functions for consumers and the economy is another installment in the series of hearings that the subcommittee is holding with respect to the FCRA and how secure consumers feel with respect to their personal information.

At our last hearing, we heard a representative of the Treasury Department and academics discuss the FCRA’s importance to consumers and the economy. We also heard a number of views on the importance of the provisions in the FCRA that ensure national uniformity for several core issues regulated by the FCRA. Today, we will learn *why* and *how* the FCRA is important to consumers and the economy, and how the national standards established by the FCRA relate to the law’s importance in these respects. I believe that the diverse group of witnesses testifying today will assist us to better understand how and why the FCRA benefits consumers and the economy.

The FCRA is a comprehensive and complex law. Those who are familiar with the FCRA know that it governs the credit reporting process. For example, the FCRA governs those who furnish information to consumer reporting agencies (or credit bureaus), it governs the credit bureaus themselves, and it governs those who use credit reports obtained from credit bureaus. However, it is important for us as a subcommittee to examine exactly how each of these entities is governed by the FCRA, and how the end

result benefits consumers and the economy. It is my hope that we will also have a thorough discussion with respect to the provisions in the FCRA that establish a uniform national standard, such as those governing furnisher obligations, the contents of a credit report, reinvestigation timeframes, adverse action responsibilities, affiliate sharing, and prescreening. I am sure I will not be disappointed.

The witness panels have been divided into four general groups. Our first panel consists of federal and state regulators with experience in enforcing the FCRA or regulating institutions governed by the FCRA. Our second panel consists of users of credit reports and furnishers of information to credit bureaus. The diversity of this panel reflects the diversity of interest in, and application of, the FCRA. Our third panel is intended to provide the perspective of individuals, i.e. consumers, as represented by some of the national organizations representing various groups of people. This panel should provide a lively debate and include the full spectrum of viewpoints. Finally, we will hear from those who work behind the scenes, so to speak, in the credit reporting process.

We must hear from all of these witnesses if we are to evaluate the impact of the FCRA on consumers and the economy. For example, I look forward to hearing why a state bank supervisor may, in this rare instance, agree on the need for national uniformity with respect to the FCRA. I look forward to hearing how the prescreening process has resulted in lower costs to consumers. I also look forward to hearing the perspective of the Hispanic Chamber of Commerce, of senior citizens, and of consumer attorneys in the FCRA debate.

As I have mentioned in the past, Congress will have a choice to make in the very near future. The provisions in the FCRA that guarantee a single national standard with respect to many of the FCRA's provisions are set to expire on January 1, 2004. My focus throughout this debate will remain on providing consumers and the economy with strong benefits and protections. I believe this can, and should be, done at the federal level in order to avoid a patchwork of state laws that may affect the cost and availability of credit, and therefore the economy as a whole. I look forward to our witnesses' testimony on this important topic

In closing, I would like to thank Chairman Oxley, Ranking Member Frank and Mr. Sanders for working together on this important issue and making it a priority for the Committee.

The chair now recognizes the Ranking Member of the Subcommittee, Mr. Sanders, for any opening statement that he would like to make.